Exhibit 40
(Filed Under Seal)

FICO

whitepaper

Business Rule Management Systems Strategy Assessment and Recommendations

Prepared for:

CHUBB GROUP OF INSURANCE COMPANIES

CHUBB

March 29, 2011

DELIVERABLE DOCUMENTATION

Prepared for, and delivered to Chubb & Son on March 31, 2011

Pursuant to Statement of Work Change Orders Nos. 04 and 05 of the Appendix 2, Statement of Work dated November 11, 2009, by and between Chubb & Son and Fair Isaac Corporation,

a.k.a. 2010 Retainer Agreement

Prepared by:

FICO™

901 Marquette Avenue
Suite 3200,
Minneapolis, Minnesota 55402
USA

Tel: +1 (612) 758 5200
Fax: +1 (612) 758 5201

E-mail: info@FICO.com
www.FICO.com

PLAINTIFF'S EXHIBIT

www.fico.com   Make every decision count™

FICO Recommendations Whitepaper for Chubb Business Rule COE

FICO

table of contents

FICO Recommendations Whitepaper for Chubb Business Rule COE

FICO

FICO Recommendations Whitepaper for Chubb Business Rule COE

FICO.

FED000205_0004

FICO Recommendations Whitepaper for Chubb Business Rule COE

FICO

FED000205_0005

FICO Recommendations Whitepaper for Chubb Business Rule COE

FICO

FED000205_0006

FICO Recommendations Whitepaper for Chubb Business Rule COE

FICO

Speed	Manual decision-making has reduced by 80%. Automated decisions are in real time.	1
Cost	Through underwriting automation, CSAA has nullified the practice of continually hiring additional underwrites to keep up with the demand. Through BRMS and sharing services, the cost of maintaining the underwriting decisioning has reduced by 75%	2
	Total Score:	8

As said above, the total score will be normalized between 0 and 10. That score can be used to gauge the value received by the project, organization, or enterprise relative to the BRMS industry in general.

Table 4—Quantified Description for BRMS Value Assessment Scores

Score	Value Assessment Relative to BRMS Industry
10	*A Perfect BRMS Implementation/Organization.* Receiving a 10 means that both Business and IT realized value on each of the 5 assessment criteria. While theoretically possible, in practice this score is not expected.
9	*Extraordinary Value.* This is an exceptional score and it indicates that the Business and IT communities are realizing more value than the methodology expects. Only the most mature BRMS organizations are capable of producing individual projects that score in this region.
8	*Very High Value.* This score puts the implementation or organization in the top 5%. This is the target score in this methodology. In a "methodology-perfect" BRMS implementation or an ideal adoption of BRMS for an organization or enterprise, it is not practical to expect every community to realize full value in all 5 assessment criteria. Assuming a realistic handful of 0.5 scores, the practical target score is an 8.
6-to-7	*High Value.* This score puts the implementation or organization in the top 25%. Regardless of whether this is a project or an organizational assessment, the organization is clearly realizing a substantial amount of value from BRMS.
5	*Normal Value.* The realized value certainly justified the investment in BRMS. There is room for improvement. However, no one will be regarding the project as being unsuccessful. This would be a realistic target score for a first endeavour in BRMS.
3-to-4	*Marginal Value.* The net return will likely offset the investment in BMRS. However, the project is not likely to be regarded by the organization as being successful.
0-to-2	*Little to No Value.* A fair assessment would conclude that the project or organization failed to realize any substantial value from BRMS

FED000205_0024

FICO

2.3   Benefits vs. Added Complexities for the Business Community

The goal of this section is to provide Chubb's business communities with a foundation for the open discussion of the relative benefits they can expect from BRMS so they can weigh those against the added complexities. The subsections cover:

1. BRMS Elevator Speech for Business
2. Business Challenges/Drivers for BRMS Capabilities
3. Benefits for the Business Communities
4. Added Complexities for the Business Communities

2.3.1   BRMS Elevator Speech for Business

A BRMS or Business Rule Management System is a software system used to define, deploy, execute, monitor and maintain the variety and complexity of decision logic that is used by operational systems within an organization or enterprise. This logic, also referred to as business rules, includes policies, requirements, and conditional statements that are used to determine the tactical actions that take place in applications and systems.

A BRMS includes, at minimum:

- A repository, allowing decision logic to be externalized from core application code
- Tools, allowing both technical developers and business experts to define and manage decision logic
- A runtime environment, allowing applications to invoke decision logic managed within the BRMS and execute it using a business rules engine

The top benefits of a BRMS include:

- Reduced or removed reliance on IT departments for changes in live systems. Although, QA and Rules testing would still be needed in any enterprise system.
- Increased control over implemented decision logic for compliance and better business management
- The ability to express decision logic with increased precision, using a business vocabulary syntax and graphical rule representations (decision tables, trees, scorecards and flows)
- Improved efficiency of processes through increased decision automation

2.3.2   Business Challenges/Drivers for BRMS Capabilities

The Business community's needs for Decision Management spring from the increasing complexity of making decisions:

- Decisions that once took days now have to be made at the speed of the transaction; such as while your customer is completing an online transaction.
- Business objectives used to be simpler and set at the local level—now those objectives involve trade-offs between risk, resource constraints, opportunity costs and other factors.
- The data available to make decisions has ballooned, but there are challenges to using all that data effectively.
- Compliance with more new regulations, stricter and more complex rules, shorter deadlines and greater consequences for non-compliance.

FED000205_0025

- Need to change customer treatment strategies more frequently and more rapidly to deal with competitive forces, environmental changes and changes in the customer base.

- Decisions that were once "owned" by a single group are "shared" by multiple departments, and have to be coordinated across channels and regions.

- Customers expect the same treatment regardless of channel, and they expect that the treatment is consistent with the value of their relationship.

- You used to be able to handle decisions requiring manual review processes—now the volume makes that impractical.

2.3.3   Benefits for the Business Communities

The main benefit that BRMS brings to the business communities is the elimination of many challenges or barriers that are inherent to traditional software implementations.

1. It is very expensive to operate within the confines of a traditional SDLC. The business community has to dedicate a large budget to operationalizing business decisions that are typically not overly complex.

2. While important to the integrity of an organization's IT infrastructure, the rigor of a traditional SDLC is inherently burdensome on business. The time it takes to implement changes to business software is an impediment to speed and agility.

3. The traditional SDCL focuses on the implementation of individual business software applications that are purpose-built for specific needs. They are standalone. But business processes overlap. This leads not only to redundancy but also to inconsistency in the implementation of decisioning throughout an organization.

4. The communication of Business requirements in the traditional SDLC is akin to the children's game of "Whisper Down the Lane" (a.k.a., "Pass the Message" or "Telephone"): The business communicates its functional requirements to a business analyst who analyzes them and communicates specifications to an architect who designs a solution and gives specifications to a developer who implements them... and then back to the business who tests the system and tells everyone they got it all wrong. This is a very imprecise approach to communicating requirements within an organization.

The above are more than just annoyances; these side effects of the traditional SDLC cost the business $MM every year. Therefore, the real benefit to business is a reduction or elimination of losses that result from a business's inability to be precise, consistent and agile in its decisioning. These include:

1. Lost revenue from imprecise decisions. Companies leave value on the table by making less targeted, less relevant decisions. For example, pricing insurance in one of three tiers when underwriting new customers will lead to lower profit per customer than a segmentation of 20 tiers—or even continuous pricing tailored to each customer.

2. Lost value through operational negation. Without systems that enforce consistency and connect decisions, businesses often make one set of decisions that negates the value created in another set of decisions. For example, the marketing department may attract customers that are unprofitable.

3. Lost share through falling behind the pace of change. When it takes weeks or months to change an offer, a pricing structure or a decision strategy, businesses cannot adapt fast enough to changes in consumer behavior or competitive offers. This leads to share erosion.

In addition to these financial benefits, other practical or tactical benefits of BRMS to the business community include:

1. Business Control—Business rules can be modified by business users, in a controlled, auditable manner that is cohesive and consistent across applications.

FED000205_0026

FICO

2. Flexible and Consistent Workforce—all company staff and all of the agents who act for a company treat customers consistently and according to the best practices identified.

3. Learning Environment—Business users and analysts can rapidly improve and evolve their decision logic by more quickly deploying new rules and models and by learning at a faster pace through continual feedback and champion/challenger strategy testing.

2.3.4   Added Complexities for the Business Communities

Nothing is free, so what are the costs for realizing the benefits described above?

- There is no technology purchase; Chubb owns an enterprise license to Blaze Advisor. So, what would normally be the first concern on the list is not a concern for Chubb.

- The business community will need to make time to participate in JAD sessions with business analysts from the IT community. These sessions will be frequent, non-trivial, and will last roughly the first 2/3 of the SDLC. However, the ROI that comes from taking a JAD approach to the implementation of BRMS is exceptionally high.

- The business community will need to undergo DRAW training.

- The business community will need to make a commitment to enhance their existing requirements analysis methodology with several key activities associated with Decision Requirements Analysis (DRA). This includes active participation in the following aspects of Decision Requirements Analysis:

    o Acting as subject-matter experts (SME) during the DRAW

    o Acting as subject-matter experts (SME) and providing elaboration on decisioning requirements during the Harvesting effort

    o Elaborating on RMA requirements

    o Elaborating on requirements for unit-test, acceptance-test, and regression-test suites

    o Approval/sign-off on decisioning requirements produced by DRA

- Collaboration with business analysts from IT in the specification of a rule maintenance and extension strategy. And, corollarily, participating in rule maintenance and extension as agreed upon in that strategy.

Business community participation (outside of business analysts, who are IT) on mid-scale projects typically amounts to approximately 1 FTE over the first 2/3 of the SDLC. Involvement will be higher to start and then taper off to cycles of moderate involvement separated by periods of light involvement.

2.4   Benefits vs. Added Complexities for the IT Community

The goal of this section is to provide Chubb's IT communities with a foundation for the open discussion of the relative benefits they can expect from BRMS so they can weigh those against the added complexities. The subsections cover

1. BRMS Elevator Speech for IT

2. Technology Challenges/Drivers for BRMS Technologies

3. Benefits for the IT Communities

4. Added Complexities for the IT Communities

FICO

2.4.1   BRMS Elevator Speech for IT

A BRMS provides a complete rules environment that allows complex business decisions to be abstracted from hard-coded applications, Web pages, straight-through processes, or composite applications. In doing so it increases the stability and code quality of the higher-level object, ensures the consistency of application of business policy across the enterprise, and enables greater responsiveness to change. It provides visibility and audit of automated decisions in a manner that is meaningful to business users and IT staff alike.

A BRMS provides a high-performance runtime environment for .NET, Java, Service Oriented Architecture (SOA), or legacy applications and features strong change management through its rules repository. It can form part of a more comprehensive enterprise-level Decision Management (DM) strategy, or simply satisfy the tactical need for greater manageability of variable business logic.

2.4.2   Technology Challenges/Drivers for BRMS Technologies

The traditional approach to application architecture is to embed all the decision-making logic within hard-coded applications. At face value this provides the simplest and lowest-overhead architecture, but in fact leads to a number of serious disadvantages:

- Changes to the logic can only be carried out by a programmer, and the consequent new version of the application has to pass through all of the testing and acceptance procedures before it can be deployed, owing to a greatly prolonged change cycle.

- Where the same logic is required in multiple applications there is a real danger that changes will not be made consistently, leading to variations on the anticipated system behavior. This is a particular concern where the same decision logic is required to be implemented within different application styles – e.g., .NET, Java, and COBOL.

- It is very complex to audit the decision-making process to determine why any particular transaction took the course it did.

- The code cannot be presented to business decision makers in a form that enables them to check the logic is as required.

- Very complex decisions are notoriously difficult to code in an efficient manner, and the actual runtime performance may be inadequate. Organizations often resort to manual decision making even though it would be possible to define the rules.

The solution increasingly being adopted is to deploy a Business Rules Management System (BRMS) as a single point for managing all decision logic. Chubb has standardized on the Blaze Advisor BRMS product from FICO.

2.4.3   Benefits for the IT Communities

In general, the one benefit that IT looks for in any technology or methodology is "does it make us more productive?" IT needs to implement solutions and maintain systems/applications as efficiently and effectively as possible. This section will examine the benefits of BRMS from that perspective.

The aim of Blaze Advisor is to provide a single point of decision management at the enterprise level. The primary features that enable this strategy are:

- The ability to create rules and rule sets to resolve complex decisions, while presenting the logic in an intuitive manner that can be understood and modified by business or IT staff.

- Development Productivity—Business rules are built and maintained once, not replicated in fragmented systems.

- Deployment across a heterogeneous environment, including deployment to client-side Web forms.

FED000205_0028